

Crushed our estimates

Suominen's Q2 results wiped the table clean with our estimates.

- Suominen Q2 revenue was EUR 122.2m while we had estimated EUR 115.0m. Revenue thus grew 18% y/y and reached a record on a quarterly basis. Nonwovens delivery volumes increased considerably while prices decreased following lower raw material prices.
- Gross profit stood at EUR 19.5m vs our EUR 14.4m estimate. Gross margin was therefore 16.0% compared to our 12.5% expectation. While nonwovens prices decreased lower raw material and other direct product costs more than compensated.
- Q2 EBIT amounted to EUR 12.4m compared to our EUR 6.8m expectation. EBIT thus more than quadrupled compared to year ago.
- In terms of guidance Suominen expects 2020 comparable operating profit to improve significantly from 2019 (no change).

Rating + BUY

Q2'20	Actual	Evli	Year ago	Q1'20
Revenue	122.2	115.0	103.8	110.2
Gross profit	19.5	14.4	10.5	13.3
EBIT ex IAC	12.4	6.8	2.7	5.7
PTP	10.6	5.3	1.0	3.8

Deviation	Actual	Evli	Year ago	Q1'20
Revenue		6 %	18 %	11 %
Gross profit		35 %	86 %	47 %
EBIT ex IAC		82 %	359 %	118 %
PTP		100 %	960 %	179 %

Share price, EUR (Last trading day's closing price) 4.70

Target price, EUR 4.75

Latest change in	25-Jun-20
Latest report on company	6-Aug-20
Research paid by issuer:	YES
No. of shares outstanding,	58,259
No. of shares fully diluted,	58,259
Market cap, EURm	274
Free float, %	-
Exchange rate EUR/USD	1.17
Reuters code	SUY1V.HE
Bloomberg code	SUY1V.FH
Average daily volume, EURm	0.1
Next interim report	12-Aug-20
Web site	www.suominen.fi/en/investors/

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+ BUY + HOLD - SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	431.1	4.6	1.1%	13.3	-0.03	-69.4	0.5	44.1	11.1	0.00
2019	411.4	8.1	2.0%	14.2	0.00	766.1	0.5	27.5	9.2	0.05
2020E	437.2	24.4	5.6%	25.7	0.30	15.8	0.7	13.1	9.4	0.07
2021E	445.9	26.5	6.0%	28.2	0.32	14.6	0.7	11.2	10.3	0.13
2022E	455.0	29.6	6.5%	27.4	0.37	12.6	0.6	9.4	10.0	0.15

Market cap, EURm	274	BV per share 2020E, EUR	32.4	CAGR EPS 2019-22, %	377.8
Net debt 2020E, EURm	47	Price/book 2020E	1.9	CAGR sales 2019-22, %	3.4
Enterprise value, EURm	321	Dividend yield 2020E, %	1.5	ROE 2020E, %	12.5
Total assets 2020E, EURm	314	Tax rate 2020E, %	8.8	ROCE 2020E, %	10.6
Goodwill 2020E, EURm	15	Equity ratio 2020E, %	46.2	PEG, P/E 20/CAGR	1.6

All the important disclosures can be found on the last pages of this report.

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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Ilvonen

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